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FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, GUATEMALA — 236 (DESP. NO.)

TO : THE DEPARTMENT OF STATE, WASHINGTON. — September 11, 1953 (DATE)

REF : —

SEP 12 1953

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	OLI	IN	ARA I INR IFI IPS S/MSA UNA USUN
	REC'D SEPT 14	IF OTHER	ARMY NAVY AIR CIA OSD FSB Action Taken noted

SUBJECT: Joint Weeka No. 37 for State, Army and Air Departments from SA - Section I

Date of Action 9/16/53

Action Office Symbol ARA

PER EADAMS - OFFICE ARA
FABRG FOI CASE NO. 740332

During the past week press and public discussion of the Department's August 28 Aide Memoire on the Agrarian Reform expropriations of United Fruit Company properties tapered off despite efforts of leftist elements to keep alive the charge of "intervention" by organizing a stream of protest messages from labor and political organizations. The Foreign Office confined itself to releasing the background exchange of communications and, after seeing this documentation, the independent press took the view that the Aide Memoire represented no invasion of Guatemalan sovereignty and dropped the subject from its editorial columns. The pro-Government press has however continued to comment on the matter and maintained its position that Guatemala should reject it.

The Foreign Office has reappointed Ambassador Guillermo TORIELLO Chairman of the Guatemalan delegation to the United Nations. Guatemala's delegation will include Sr. Julio ESTRADA de la Hoz, ex-President of Congress, and Sr. Carlos GONZALEZ Orellana, Chief of the President's Information Office, both of whom are identified with the pro-Communist element among the Administration's political supporters.

A new daily newspaper, El Espectador, began publication during the week. In its initial issues it has taken a bold stand against Communist influences on the Government and in its second issue published an exposé of Communist infiltration of the National Agrarian Department. It thus re-enforces the independent press, which is the focal point of resistance to Communism in this country.

FOREIGN AFFAIRS

Discussion of Department's Aide Memoire on United Fruit Company Tapers Off: Following the sharp attack by Sr. Guillermo Toriello, Guatemalan Ambassador to the United States, on the

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Department's Aide Memoire on the United Fruit Company expropriations (Weeka 36), Dr. Raúl OSEGUEDA, the Foreign Minister, cancelled the full press conference which he had scheduled on September 5 to give the Government's viewpoint and confined himself to releasing the text of the previous correspondence and an official translation of the Aide Memoire. These were annexed to a tendencious statement saying that Guatemala was complying with Assistant Secretary Cabot's undertaking to Ambassador Toriello to publish the whole correspondence of both sides and stating that the Foreign Office would pass over the "non-objective" opinions embodied in the Aide Memoire and would reply after full study.

After the documentation became available, the independent press generally expressed the view that the Aide Memoire represented no invasion of Guatemalan sovereignty and dropped the subject after advising the Government that in an international dispute over legal rights incitement and violence were bad counselors. The leftist press published the documentation and continued its editorials against intervention while the Government's Diario de Centro América made no effort to analyze the Aide Memoire but said it had the character of a "diplomatic intervention" and implied the State Department had no right to make representations in the matter.

Meanwhile, after interviewing President ARBENZ on September 3, Congressional leaders of the Administration parties failed to follow through on their announced intention to have Congress debate and adopt a resolution condemning the Department's action as intervention and offering Congress' support of the Executive in rejecting it.

The extreme left, led by the Communist-controlled CGTG, continued its effort to show popular indignation by employing the familiar tactic of organizing a stream of protest telegrams from local unions and political party committees to President Arbenz and the American Embassy. It also urged that opposition to "foreign intervention" be the keynote of this year's observance of the Guatemalan National Day, September 15, and that a protest demonstration under the aegis of the CGTG take place on September 14.

Leftist Guatemalan Delegation to UN: On September 9, the Foreign Office announced that the Guatemalan delegation to the Eighth Session of the UN General Assembly would consist of Ambassador Toriello as Chairman; Sr. Castillo Arriola, Permanent Delegate to the UN as Vice Chairman; and Sres. Estrada de la Hoz, González Orellana, Julio GOMEZ Padilla, Judge on the Labor Court of Appeals, Raúl SIERRA Franco, Director General of Statistics, and José Luis MENDOZA, Chief of the Foreign

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Office Treaty Section, as delegates. Sres. Estrada de la Hoz and González Orellana have been identified with numerous pro-Communist causes and Sr. Gómez Padilla has had a far-leftist record on the labor bench. Their appointments are in harmony with the current trend in the Government to draw Guatemala's representation abroad from militant pro-Communist elements, exemplified by the recent appointments of Sr. Roberto ALVARADO Fuentes as Ambassador to Mexico and of Sr. Eliseo MARTINEZ Zelada as Ambassador to Bolivia.

AMERICAN INTERESTS

Continued Stalemate in IRCA and Empresa Eléctrica Disputes: No decision was reached in the conciliation proceedings ordered by the Labor Court of Appeals between the U.S.-owned International Railways of Central America (IRCA) and the SAMF railway workers' union (Weeka 36). In direct negotiations with the SAMF the company offered a gross $100,000 wage increase annually to be distributed as the union wished plus a contributory retirement plan. The SAMF has not yet reached a decision on this proposal which falls far short of its demands for a 50 percent raise and a non-contributory pension system.

The Government this week again failed to publish the findings of its auditors assigned to determine whether the Empresa Eléctrica could afford the wage raise demanded by the union of its workers.

PSYCHOLOGICAL

New Anti-Communist Newspaper: Re-enforcing the ranks of the independent press in keeping the issue of Communist influences before the public, a new newspaper entitled El Espectador made its first appearance on September 7, dedicating itself to "fight for the preservation of liberties and for the elimination of totalitarianism in all its forms." Sres. Baltasar MORALES, Director, and José Alfredo PALMIERI, Managing Editor, both formerly on the staff of the independent La Hora, are known for their anti-Communist sentiments and in their second issue September 8 they published a forthright article stating that National Agrarian Department personnel were overwhelmingly Communists and naming 12 of the 20 Agrarian Inspectors who they stated were Communists.

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From GUATEMALA

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MILITARY

Armed Forces Commissary Gets Free Entry Privileges: Congress on September 11 approved a law authorizing the Army commissary to import free of duty all articles not produced in the country, thus granting the military privileges beyond those of ordinary citizens and causing the Opposition deputies to charge that Congress was exhibiting its servility to the Armed Forces. The law runs counter to the Administration's current economic policy of raising duties and tightening up on exceptions but is in accord with its policy of catering to the material needs of the Armed Forces to keep their loyalty.

R. E. Schoenfeld

Rudolf E. Schoenfeld

Contributor:

Col. A. E. McCormick, Army Attaché
W. A. Krauss, Public Affairs Officer

Copies:

C. A. Missions and routine

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